

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2533 – Quality Preschool Program Adjustments (LSB 5315 HV)
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Fiscal Note Version – New

Description

House File 2533 relates to the Statewide Preschool Program established in HF 877 (Statewide Voluntary Preschool Program Act) during the 2007 Legislative Session.

This fiscal note addresses **Section 5**, **Section 6**, and **Section 8** of the Bill. **Section 5** requires that any unexpended appropriated funds not revert to the General Fund, but be distributed the following fiscal year. **Section 6** requires children that are 5 years of age or older by September 15 and attending a Department of Education approved school district local preschool program to be counted in the student's resident district for budget enrollment purposes. **Section 8** provides that the Bill applies retroactively to September 15, 2007, for any students that were 5 years of age or older and attending an approved preschool program.

Background

During the 2007-2008 school year, the Department of Education approved 64 school districts to receive funding beginning in the 2007-2008 school year. The Department received an FY 2008 appropriation of \$15.0 million to allocate to the school districts that received approval for a Statewide Preschool Program. The Department estimates that approximately \$300,000 will remain at the end of FY 2008.

In addition, the preschool students enrolled in those districts on October 1, 2007, generate a preschool weight of 0.6 for FY 2009. The preschool weight totaled 3,075.6. This equates to 5,126 students and \$17.0 million in State preschool funding through the preschool funding formula in FY 2009.

Assumptions

Section 5 assumption:

- The Department of Education has indicated that the \$300,000 remaining at the end of FY 2008 will be added to the \$15.0 million that is to be allocated to approved preschool programs in FY 2009 if HF 2533 passes.

Section 6 assumptions:

- The allowable growth rate will remain at 4.0% for FY 2010 and FY 2011.
- The number of 4-year-olds enrolled in an approved preschool program that will re-enroll in a approved preschool program as a 5-year-old is currently unknown.
- The number of 5-year-olds remaining in the preschool program for a second year would that would not enter kindergarten after their first year in the preschool program is currently unknown.
- Assumes that all 5,126 students in the preschool program were age 4 on or before September 15, 2007. If 1.0% of those students re-enroll in an approved preschool program as a 5-year-old, then 51 students will remain in the preschool program at age 5 during the 2008-2009 school year and will be counted in the resident district's enrollment for the FY 2010 budget year.
- For preschool programs approved by the Department of Education for the 2008-2009 school year, the estimated enrollment is 4,500. For previously approved preschool programs, the enrollment estimate during the 2008-2009 school year is 5,100, for a total of 9,600. If 1.0% of these students re-enroll in an approved preschool program as a 5-year-old then 96 students will remain in the preschool program at age 5 during the 2009-2010 school year and will be counted in the resident district's enrollment for the FY 2011 budget year.
- In FY 2011, each 4-year-old in a preschool program will generate \$3,599 for the school district hosting the approved preschool program. The State cost per pupil generated through the school aid formula will generate \$5,999 (\$5,249 in State aid and \$750 in property tax) for each resident student.

- The number of students that do not enter an approved program at age 4 but enter an approved program for the first time at age 5 (on or before Sept. 15 of that school year) is currently unknown. However, starting in FY 2011, there will be an impact of \$1,650 in State aid and \$750 in local property tax per student.

Section 8 assumptions:

- The Department of Education has indicated that any 5-year-olds attending a Department approved preschool program on October 1, 2007, were not included in the preschool program counts.
- Any student age 5 on or before September 15, 2007, and attending an approved preschool program was not included in the resident districts' enrollment count or the preschool program enrollment count.
- The Department cannot determine how many 5-year-olds were attending an approved preschool program on October 1, 2007.

Fiscal Impact

There is no fiscal impact for **Section 5** compared to current law. The LSA assumed that the Department would expend all of the preschool funds appropriated in FY 2008.

The estimated fiscal impact for **Section 6** is currently unknown. However, if 1.0% of the 4-year-olds attending an approved preschool program re-enrolled the following year in a preschool program (assuming that they didn't enter kindergarten), the estimated impact would be an increase in State aid to school districts of \$260,000 and property tax of \$37,000 in FY 2010 and an increase in State aid to school districts of \$500,000 and property tax of \$72,000 in FY 2011. There would be an additional FY 2011 impact of \$1,750 in State aid per student for students age 5 years or older entering an approved preschool program for the first time.

Section 8 will have a fiscal impact in FY 2009 based on the number of 5-year-olds that were attending an approved preschool program on October 1, 2007. The estimated cost in State aid will be \$4,853 per pupil and a property tax amount of \$693 per pupil. If there is one 5-year-old per district (64 districts) that attended an approved preschool program on October 1, 2007, the total State aid cost would be approximately \$310,000 and total property tax would be approximately \$44,000. However, based on the lack of available data, the total cost is currently unknown.

Sources

Iowa Department of Education
LSA calculations

/s/ Holly M. Lyons

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
